Development Assistance is also provided to the exporters of engineering goods and services.

[Translation]

Pending Proposals

1280. SHRI JAI PRAKASH AGARWAL : Will the Minister of FINANCE be pleased to state :

(a) whether some financial matters of Government of National Capital Territory of Delhi are lying pending with the Union Government for some time;

(b) if so, the details thereof; and

(c) the action taken or proposed to be taken by the Union Government on the memorandums/suggestions/ proposals received from the Government of National Capital Territory of Delhi?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes, Sir.

(b) The financial matters taken up by the Government of NCT of Delhi with the Ministry of Finance, Government of India :

(i) pattern of financing of Annual Plans of Government of NCT of Delhi;

(ii) delegation of powers for creation of Group A posts under Plan and Groups A,B,C and D posts under non-Plan and also for revival of posts lapsed;

(iii) Share in Central Taxes;

(iv) discontinuation of diversion of Central Plan assistance and restoration of the amount already diverted;

(v) clearance of the past liability of Rs. 132 crore of DTC or release of grant to Delhi Government of the same amount to clear such liability;

(vi) reimbursement of a sum of Rs. 188.70 crore on account of abolition of Terminal Tax by Government of India;

(vii) transfer of DESU without any financial liability to Delhi Government.

(c) The matters are under consideration with the Government of India.

[English]

Excise duty on Small Paper

1281. SHRI BANWARI LAL PUROHIT : Will the Minister of FINANCE be pleased to state :

(a) whether the PHD Chamber of Commerce and Industry has urged the Government to save small paper manufacturers by restoring the excise duty benefit available till recently;

(b) if so, whether the small paper manufacturers in the country are on the verge of collapse due to excise duty imposition; and

(c) if so, the reaction of the Government on such representation by the PHD Chamber and Industry?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) The PHD Chamber of Commerce and Industry had requested the Government to reduce excise duty on paper, paperboard, etc. made from at least 75% unconventional raw materials, from 10% to the pre-Budget level of 5% ad-valorem on the ground that the increased duty affected the competitiveness of small paper mills.

(b) and (c). The Government, in the consideration stage of the Budget acceded partially to the demands of small paper mills and prescribed 5% ad-valorem excise duty on such paper for first clearances of 10,000 MT in a financial year. In the current financial year, the limit is prescribed at 5,000 MT to be calculated from 11th September, 1996. In view of this there may not be any hardship to small paper mills.

Changes in Modvat Credit Scheme

1282. SHRI T. SUBBARAMI REDDY : Will the Minister of FINANCE be pleased to state :

(a) whether the Central Excise Department brought a new scheme into force regarding changes in the Modvat credit;

(b) if so, the main changes incorporated in the new Modvat scheme;

(c) the extent in which the scheme has been successful;

(d) whether the Government have made changes in the procedure relating to use of inputs on which credit has been taken; and

(e) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (e). Following important changes have been made in Modvat Credit Scheme in this year's budget :

(i) As per the provisions of the Modvat scheme, a manufacturer manufacturing a fully exempted final product is not eligible to avail the credit of duty paid on inputs used therein. Prior to 1.9.96, in cases where a manufacturer manufactured both dutiable and fully exempted final product from common inputs, had to reverse the credit of duty paid on the inputs contained in the exempted final product. This involved determination of the amount of credit to be reversed which was cumbersome. As a procedural simplification a new rule 57CC has been introduced in the Modvat Rules whereby a manufacturer using